

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF ALVIN AND ) APPEAL NO. 07-A-2492  
MARDELL EDWARDS from the decision of the ) FINAL DECISION  
Board of Equalization of Idaho County for tax year ) AND ORDER  
2007. )

**PERSONAL PROPERTY APPEAL**

THIS MATTER came on for hearing October 23, 2007, in Grangeville, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Mardell Edwards appeared at hearing. Assessor James Zehner and Personal Property Appraiser Lynn Walter appeared for Respondent Idaho County. This appeal is taken from a decision of the Idaho County Board of Equalization denying the Exemption Claim for taxing purposes on property described as Parcel No. PP/PP000002492A.

**The issue on appeal is the market value of personal property whether subject property qualifies for an exemption from property taxes pursuant to Idaho Code § 63-602EE.**

**The decision of the Idaho County Board of Equalization is reversed in part and affirmed in part.**

FINDINGS OF FACT

The assessment parcel containing the subject property consists of a Hydraulic Excavator (Hitachi); D6 Crawler Tractor; Hough H30 Loader; Case 680 Wheel Backhoe, and a Front End Loader (JD 644). Appellants are not requesting exemption for the Front End Loader (JD 644) as it is rented out.

Appellants report they originally had an excavation business and used the subject equipment for that business. Subsequently Appellants quit that business and moved to a farm and converted the equipment to farm use. It was reportedly more economical to use this

equipment for farm use since the equipment was already owned by Appellants.

Mrs. Edwards stated that since 2000 all the equipment was used for the farming operation. The equipment is used for building fencing, feeding livestock, digging up stumps, moving dead cattle, plowing snow, leveling ground, loading and moving hay, and clearing the property.

Appellants asserted their only income is from the cattle operation and, with the one exception noted, the equipment is not claimed or used elsewhere. The taxpayers presented insurance records depicting that the business they are insured for is a Beef/Calf operation. Miscellaneous receipts were provided to prove an active farming operation exists.

The County submitted Personal Property Inventory and Declaration sheets for 2001 and 2003.

Respondent submitted photographs from the Internet of equipment very similar to subject equipment. Respondent noted that construction equipment is colored differently than farm equipment, and Appellants' equipment is a color used for construction equipment. The County argued that the equipment is used for construction, not farming and/or agriculture equipment. No examples of subjects' recent use in construction were provided.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value or exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code Section 63-602EE. PROPERTY EXEMPT FROM TAXATION -- CERTAIN TANGIBLE PERSONAL PROPERTY. The following property is exempt from taxation: class 2 property that is agricultural machinery and equipment and

exclusively used in agriculture during the immediately preceding tax year. For purposes of this section: (1) "Agricultural machinery and equipment" shall mean any machinery and **equipment that is used** in: (a) Production of field crops including, but not limited to, grains, feed crops, fruits and vegetables or the production of or caring for nursery stock as defined in section 22-2302, Idaho Code; or **(b) The grazing, feeding or raising of livestock, fur-bearing animals, fish, fowl and bees to be sold or used as part of a net profit-making agricultural enterprise or dairy.** (2) Buildings shall not be considered to be agricultural machinery and equipment. (Emphasis Added)

Regardless of the color of subject equipment and what is typically used for construction, Appellants are using subject equipment for the grazing, feeding or raising of livestock. It may be somewhat unusual, but the statute allows it to be exempt if it meets the definition of being **used** as defined in I.C. Section 63-602EE.

Subject equipment was categorized by the County as "Category 56 - Construction Machinery, Tools, and Equipment. Unlicensed equipment such as cranes, tractors, scrapers, and rock crushers, used in the building trade or road construction."

Subject equipment is common construction machinery, however, it is not being used in that industry.

Appellants demonstrated the subject equipment was used for farming and ranching and therefore the Board will reverse the decision of the Idaho County Board of Equalization. Other than the piece of equipment (JD644, rented out), the subject property qualifies for exemption.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Idaho County Board of Equalization concerning subject equipment be, and the same hereby is, reversed as to the four pieces of personal property described as a Hydraulic Excavator (Hitachi); D6 Crawler Tractor; Hough H30 Loader; Case 680 Wheel Backhoe and affirmed on the Front End Loader (JD 644), which is currently rented out.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other taxes due from Appellant.

MAILED MARCH 20, 2008